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Nepra warns circular debt to persist sans reforms

Power tariffs set to increase by Rs2.30 for users; govt pushes for Rs11 cut for incremental industrial, agricultural consumption

By Khaleeq Kiani

ISLAMABAD: The National Electric Power Regulatory Authority (Nepra) on Thursday warned that circular debt could not end without reducing system and improving recoveries as the government sought more than Rs2 per unit increase in power rates for three months and about Rs11per unit reduction for the industrial and agricultural sectors on incremental consumption for three years.

The regulator conducted a public hearing for additional recovery worth Rs8.4 billion from all consumers over the coming three months — December to February 2026 — under quarterly tariff adjustment (QRA) for the first quarter (July-September) that would result in a per unit additional charge of about 50 paise per unit. Since a previous negative QTA of about Rs1.80 per unit is expiring this month, the consumers would be paying a Rs2.30 per unit net higher cost in the December-February period.

Separately, Nepra called a public hearing on Nov 11 on another government directive for slashing power rates on incremental consumption by Rs11 per unit to Rs22.98 per unit for industrial and agricultural users to revive consumption that has plummeted by 14pc and 47pc, respectively.

Both revisions, upon approval, would apply across the country, including all distribution companies (Discos) and K-Electric, under the government's end-to-end national uniform tariff policy.

The public hearing was told that capacity charges had increased by Rs21.7bn in the first quarter of the current fiscal year, which was an alarming situation. However, the capacity charges were partly compensated by Rs13.3bn reduction in operation and maintenance costs, use of service charges and market operation fee and impact of technical losses in fuel costs, leaving a net additional financial burden of Rs8.4bn.

The hearing was also told that consumption in the July-September period increased by 1.5pc to 7pc in various Discos, while industrial consumption alone went up by 11 to 28pc, which was a good sign. All Pakistan Textile Mills Association (Aptma) suggested that, in view of encouraging consumption patterns, the government should not impose fixed charges on net-metering consumers as demanded by some power companies.

Some industrial representatives said the consumers would get a net benefit Rs2.40 per unit through the proposed incentive package from the government because it would come into force only after 25pc increase in consumption. They said the incentive package was unfeasible given ambitious targets to become eligible for a discount, while there was no improvement in system losses and recoveries.

Nepra's Member Technical Rafique A. Shaikh said the circular debt would not end unless recoveries improved and losses reduced, as evident from first quarter results showing Rs87bn increase in circular debt due to losses and Rs84bn due to lower recoveries.

On the other hand, the Power Division, in its petition for an incentive package for incremental consumption, the electricity demand across major consumer categories witnessed a noticeable contraction, reflecting broader macroeconomic adjustments, structural changes in consumption patterns, and increased adoption of alternative supply options such as net metering (6,035MW).

"The decline has been (particularly pronounced in the industrial and agricultural sectors, where consumption has reduced by 14pc and 47pc respectively", it said, adding the demand reduction was leading to a vicious cycle where under-utilisation of system assets further increased the tariff due to under recovery of fixed cost.

It said the targeted incentive package in the past had worked well in stimulating demand and enhancing asset utilisation. The Industrial Support Package of November 2020-2023 helped increase industrial consumption by 14pc while Bijli Sahulat Package of December 2024-February 2025 recorded industrial growth of 6.9pc, 2.7pc and 10.2pc over three consecutive months.

Minister warns of climate threats to economy

Aurangzeb calls for digital, private capital to drive green transition

By Mubarak Zeb Khan

ISLAMABAD: Finance Minister Muhammad Aurangzeb on Thursday issued a stark warning about the country's future, urging swift mobilization of climate finance to confront what he described as "existential threats to national survival" posed by climate change and rapid population growth.

Speaking at a high-level plenary titled "Mobilising Finance for a Circular, Climate-Resilient South Asia" — held during the third day of the Sustainable Development Conference organised by the Sustainable Development Policy Institute (SDPI) — the minister said Pakistan must swiftly adapt its fiscal and regulatory systems to attract sustainable investment.

"Climate finance is now a global imperative," Mr Aurangzeb said. "With global GDP on the rise, Pakistan is pursuing structural reforms to stabilise the economy and strengthen investor confidence."

He noted that a stronger role for the private sector and innovative financial tools could accelerate the country's green transition. "The growing participation of the private sector is encouraging," he said, adding that digital platforms and fintech could become key enablers of climate-related innovation.

The minister announced that Pakistan had established the Virtual Asset Regulatory Authority (VARA) through an ordinance to oversee crypto and digital assets, while a Pakistan Crypto Council had been set up to guide responsible ecosystem development. Formal legislation would soon follow, he said, viewing digital finance as a catalyst for climate-linked investment and innovation.

Mr Aurangzeb highlighted several recent financing commitments, including a $1.3 billion climate financing arrangement with the IMF, a $500 million pledge from the Asian Development Bank (ADB), and the World Bank's 10-year Country Partnership Framework expected to channel $2 billion annually. He also revealed plans to issue Panda Bonds in the Chinese capital market.

Financing the transition

SDPI Executive Director Dr Abid Qaiyum Suleri reminded participants that "financing is the backbone of all climate action". He noted that while developed countries had promised $1 trillion under the Paris Agreement, only $300bn — mostly blended finance — was pledged.

He posed key questions: "Can the public sector absolve itself of responsibility? How much can the private sector contribute? And will blended finance really work in Pakistan?"

Chairman of the Pakistan Banking Association and CEO of Bank of Punjab, Zafar Masud, proposed establishing a Regional Climate Bank to coordinate and manage South Asia's climate finance. He argued that the region faces shared environmental challenges and called for climate financing to be embedded under the 27th Constitutional Amendment for long-term policy continuity.

Additional Secretary and Head of Climate Finance at the Ministry of Climate Change, Zulfiqar Younas, underscored the importance of circularity for resource-scarce economies like Pakistan. "We cannot afford wastage," he said, calling for regional collaboration to promote circular and climate-resilient development.

Chief Environmental Economist at UNEP, Dr Pushpam Kumar, said South Asian and African economies must leverage blended finance to stretch limited public funds. He urged for credible carbon pricing and "policy coherence" to create an enabling regulatory framework.

He also advocated for a shift beyond GDP as the sole measure of progress, suggesting that countries track inclusive wealth — the total of natural, human, and produced capital. "We must measure how much wealth we are gaining or losing each year," he stressed.

$10bn pharma exports

Separately, Mr Aurangzeb said the governemnt is targeting $3 billion in pharma exports within the next three years and $10bn over the following five.

The plan was discussed during a meeting with the Pakistan Pharmaceutical Manufacturers' Association (PPMA).

According to an official statement, the talks focused on boosting exports, ongoing reforms, and positioning Pakistan as a key player in the global pharmaceutical industry.

The PPMA delegation reported that pharmaceutical exports have surged by a record 34 per cent year-on-year — the highest increase on record — underscoring the sector's resilience and innovation despite persistent economic challenges

Marble policy in the offing to boost exports

By Kalbe Ali

ISLAMABAD: Pakistan will soon introduce a National Marble Policy aimed at tapping the country's vast marble reserves for local use and export promotion.

Chairing a high-level meeting of the marble sector on Thursday, Special Assistant to the Prime Minister on Industries and Production Haroon Akhtar Khan sought proposals from stakeholders for joint ventures with countries such as Italy to upgrade the sector.

Mr Khan, who met representatives of the All Pakistan Marble Industry Association and the Pakistan Stone Development Company (PASDEC), assured participants that the government would address bottlenecks in marble exports, promote value addition, and extend incentives to the industry.

He announced that the marble sector would be granted industry status, noting its potential to strengthen Pakistan's economy. The forthcoming National Marble Policy, he added, will focus on resolving existing challenges and promoting sustainable industrial growth.

"Pakistan has huge deposits of world-class marble, but we need value addition and better branding," Mr Khan said. "The government is working closely with industrial stakeholders to introduce policy reforms that will enhance competitiveness and productivity."

The SAPM emphasised that modern training and technical assistance would make the marble industry more efficient and globally competitive.

KARACHI: The State Bank of Pakistan's foreign exchange reserves rose by $31 million to $14.502 billion during the week ending Oct 31. Total liquid foreign reserves held by the country stood at $19.663bn, with commercial banks' reserves recorded at $5.160bn.—AFP/file

Portal launched for digital investment in govt papers

Individuals, corporates can now invest via InvestPak

By Shahid Iqbal

KARACHI: The State Bank of Pakistan (SBP) on Thursday launched a new digital platform, opening another channel for individuals and corporates to invest in government securities.

According to the SBP, web portal InvestPak has been developed to digitise the process of investing in government papers for customers maintaining rupee accounts with banks, primary dealers (PDs) and microfinance banks (MFBs).

Government securities are currently issued through auctions of Market Treasury Bills (MTBs) and Pakistan Investment Bonds (PIBs). In addition, the government has recently begun raising funds through the stock market using Sukuk bonds.

As of June 30, 2025, investment in government securities had reached Rs46.566 trillion. Scheduled banks held Rs38.7tr, or 83 per cent of the total, while corporates held Rs7.856tr, or 17pc. The inclusion of individual investors through InvestPak is expected to further increase investment in government papers and add to the government's already substantial domestic borrowing.

The SBP said the portal enables customers of financial institutions (FIs) to digitally open Investor Portfolio of Securities (IPS) accounts, place bids in primary auctions, and buy or sell securities in the secondary market — all without visiting a bank or financial institution.

"All banks are mandated to facilitate their customers in registering on the portal. MFBs are also encouraged to help their customers register. All FIs must ensure high service standards and a smooth user experience," the SBP said in a circular issued on Thursday.

FIs have been granted access to the portal, which caters to both primary auctions and secondary market trading of government securities. They can also customise their treasury operations across front, middle, and back offices to align with the new system.

All individuals, joint account holders, and corporates with rupee bank accounts are eligible to register digitally on the portal using their IBAN (International Bank Account Number).

Customers who do not already hold an IPS account can request its opening through the portal when registering with their respective financial institution.

"The portal allows individuals and corporates to link and operate multiple rupee and IPS accounts across different FIs through a single registered account," the SBP said.

FIs are required to process each registration or onboarding request and communicate their decision to the customer within two working days.

Services exports jump 15pc on IT boost

Telecom and computer services drive surge to $2.2bn in 1QFY26

By Our Staff Reporter

ISLAMABAD: Pakistan's exports of services posted a growth of 14.85 per cent in the first quarter of the current fiscal year from a year ago, mainly due to rising exports of information technology.

Unlike the exports of commodities, the export of services has posted positive growth since the start of the new fiscal year. In July, the export of services recorded a growth of 18.27pc from year ago, followed by 8.41pc in August on a year-on-year basis, according to data compiled by the Pakistan Bureau of Statistics.

The growth in export of services is mainly led by telecommunication, computer and information services since July FY26 from a year ago. The export of services reached $2.199 billion in July-September FY26 from $1.914bn over the corresponding months of last year.

In rupee terms, the exports improved by 16.62pc to Rs621.696 billion in 3MFY26 against Rs533.079 billion in FY25. This clearly indicates that export of services is steadily on the rise in the current fiscal year.

In September, the export of services reached $796.73m from $662.52m over the corresponding month of last year, indicating a growth of 20.26pc. On a month-on-month basis, the exports of services recorded a growth of 17.60pc.

In FY25, Pakistan's export of services recorded a growth of 9.23 per cent to $8.39 billion from $7.68bn over the corresponding months of last year.

Services exports have seen positive growth since February 2024, mainly due to a surge in information technology exports as well as other business exports. However, there was a 6.50pc decline in August 2024.

According to the data compiled by the State Bank of Pakistan, the exports of Telecommunications, Computer, and Information Services reached $1.057 billion in July-September FY26 against $877m over the corresponding months of last year, indicating a growth of 20.52pc.

The export of other Business Services recorded a growth of 22.16pc to $474m in 3MFY26 as against $388m over the corresponding months of last year. The export of transport services declined by 3.90pc to $197m in FY26 as against $205m over the last year.

However, the export of travel services recorded a negative growth of 3.71pc to $156m during the months under review as against $162m over the last year.

At the same time, the import of services surged by pc to $3.129bn in 3MFY26 as against $2.814bn over the corresponding months of last year. On a month-on-month basis, the import of services declined by 12.64pc.

In September, the import of services posted a growth of 3.17pc to $995.23m this year as against $964.67 over the corresponding months of last year.

The trade deficit in services increased by 3.39pc to $930.47m in 3MFvY26 compared to $899.95m in the corresponding months last year.

10th Pakistan Banking Awards on Nov 14

By Our Staff Reporter

KARACHI: The 10th Pakistan Banking Awards will be held on Nov 14, marking a decade of celebrating excellence, innovation, and leadership in the country's financial sector.

Organised annually by Dawn Media Group in collaboration with the National Institute of Banking and Finance (NIBAF) and A.F. Ferguson & Co — a member firm of the PwC Network — the awards are adjudicated by an independent jury comprising leading professionals from the banking and finance community.

Over the past ten years, the Pakistan Banking Awards have evolved into one of the most prestigious platforms in the industry, recognising institutions that promote financial inclusion, technological innovation, and responsible banking practices.

This year's milestone edition will honour banks and financial institutions for their outstanding performance, innovation, and impact across multiple categories, highlighting their contribution to the country's evolving financial landscape.

US DOLLAR	BUYING Rs281.41 SELLING Rs281.89	EURO	BUYING Rs323.43 SELLING Rs326.70
GBP	BUYING Rs367.30 SELLING Rs371.08	UAE DIRHAM	BUYING Rs76.69 SELLING Rs77.42
KSA RIYAL	BUYING Rs74.97 SELLING Rs75.59	GOLD	TOLA Rs423,062 10 GMS Rs362,707

PSX extends losses amid dearth of triggers

By Muhammad Kashif

KARACHI: The Pakistan Stock Exchange (PSX) extended its bearish run on Thursday, losing ground for the third consecutive session as political uncertainty and a lack of positive triggers kept investors on edge.

The market remained subdued, with sentiment weighed down by the heated debate over the proposed constitutional amendment and the absence of fresh market-moving news.

According to Topline Securities Ltd, after swinging between an intraday high of 1,012 points and a low of 1,325 points, the KSE-100 index settled at 159,096.79 — down 481.41 points, or 0.30 per cent.

Major drag came from United Bank, Meezan Bank, Oil and Gas Development Company, Maple Leaf Cement and Engro Holdings, which together knocked 285 points off the index. In contrast, Pakistan Services, Colgate-Palmolive, Hub Power, Askari Bank and PTCL lent limited support, adding 236 points.

Ali Najib, Deputy Head of Trading at Arif Habib Ltd, said the market briefly reclaimed the 160,000 mark during intraday trade but failed to sustain gains as selling pressure intensified. "Persistent profit-taking pushed the index back below this key psychological level," he added.

On the macro front, the Finance Ministry expects the IMF Board to meet in early December for Pakistan's programme review approval. Meanwhile, MSCI's latest update added Askari Bank, Bank of Punjab and Meezan Bank to its large-cap index — a development expected to enhance investor visibility in these stocks.

Separately, due to underperformance by distribution companies the power sector circular debt increased by Rs79 billion in the first quarter (July-September) of the current fiscal year to Rs1.693 trillion, which was scaled down by Rs780bn last year through capital injections and around Rs1.225tr commercial borrowing.

Trading activity improved as volume rose 11.3 per cent to 957.3 million shares, though the traded value dipped 12.6pc to Rs30.4 billion. Bank Makramah Ltd topped the volume chart with more than 93 million shares changing hands.As the week draws to a close, analysts say the 156,733 level — the closing on Oct 30 — will serve as a key support. Holding above this level on a weekly close is vital to sustain hopes of a rebound; otherwise, the market could face fresh lows ahead.

PAKISTAN STOCK EXCHANGE

THE TOP FIVERS

GAINERS		LOSERS		LEADERS*	
PIA Holding CoB	259.90	Unilever Foods	614.72	Bank Makramah	93.02
Pakistan Services	133.42	Rafhan Maize	44.41	PIBTL	74.44
Dawood Law	40.63	Tandlianwala Sugar	27.10	K-Electric	58.32
Colgate-Palmolive	32.75	Thal Limited	22.50	Waves Home	54.37
Nestle Pakistan	29.68	ZIL Limited	16.86	PIA Holding Co	52.22

(Share values in rupees) * Volume in millions of traded shares

INDICATORS	Thursday	Previous	Change
KSE 100-SHARE INDEX (Points)	159,096.79	159,578.19	▼ 481.40
KSE 30-SHARE INDEX (Points)	48,148.75	48,368.92	▼ 220.17
MARKET CAPITAL (Rs billion)	18,220.473	18,271.363	▼ 50.890
TRADING VALUE (Rs billion)	30.446	34.847	▼ 4.401

ACTIVITY

Total listed	532
Active	476
Gainers	199
Losers	230

PARTICIPANTS

Foreign	▼$0.89m
Companies	▲$0.31m
Banks	▼$1.61m
Mutual Funds	▼$6.73m
Individuals	▲$6.62m